

United States Senate

WASHINGTON, DC 20510

May 15, 2009

The Honorable Claire McCaskill
Chairman
Subcommittee on Contracting Oversight
Committee on Homeland Security and Government Affairs
340 Dirksen Senate Office Building
Washington, DC 20510-6250

Dear Chairman McCaskill:

We understand that you have scheduled a hearing on July 16, 2009, on government contracts awarded to Alaska Native corporations under the Native American 8(a) program administered by the Small Business Administration (SBA). Your request for information from a selected few of the Alaska Native corporations (ANCs) in our home State of Alaska is of great concern to us. While we welcome fair and just oversight of the Native American 8(a) program to ensure its integrity, transparency, and accountability, we are also concerned that ANCs will be inadvertently harmed.

We would like to express to you important considerations as you move forward. The information you are requesting will take much longer to compile than the 13 business days indicated by your deadline. For the Native corporations to provide the committee all necessary documents and data, we urge you to extend that deadline to a more reasonable 30 business days. That would enable the ANCs to be in full compliance with your request. In addition, we take this opportunity to remind you of the history and role Alaska Native corporations play as a result of the federal government's responsibility to American Indians and Alaska Natives.

Alaska Native corporations were created under the Alaska Native Land Claims Settlement Act of 1971 (ANCSA), to settle the land claims of the indigenous people of Alaska. ANCSA was a delicate compromise of competing interests between the State of Alaska, the environmental community, the federal government, and the Alaska Native people. ANCSA entitled Alaska Natives to more than 44 million acres of land and a \$1 billion settlement. It created 13 regional for-profit corporations, and more than 200 for-profit village corporations, as the entities with title to the land. Every single Native person born on or before December 18, 1971, was enrolled as a shareholder in both a regional and village corporation. As a result, and mandated by law, the owners and beneficiaries of every single Native corporation are the *indigenous* people of Alaska and the transfer clause provides that only family members can receive stock, which cannot be sold publicly. Alaska Native Corporations have a unique status under federal Indian law, and Congress has afforded them certain benefits to ensure their success.

As you know, the SBA is expected to release new rules governing the participants of the Native American 8(a) program. You may recall on April 27, 2006, the United States Government Accountability Office released a report entitled: *Contract Management: Increased Use of Alaska Native Corporations' Special 8(a) Provisions Calls for Tailored Oversight*. (GAO-06-399). As a result, recognizing the government to government relationship that the United States has with Indian tribes, the SBA entered into tribal consultations with tribal leaders, and elected members of the Alaska Native villages as a part of the process to revise and overhaul the regulatory structure of tribally-owned and ANC-owned firms. The tribal consultations were held on October 24, 2007, in Fairbanks, Alaska, and November 11, 2007, in

Denver, Colorado. American Indian tribes and Alaska Native groups have welcomed a change in the regulatory structure and enhanced oversight to maintain the intent and integrity of the Native American 8(a) program. It is our understanding that the regulations have yet to be issued by the SBA.

Additionally, the Inspector General of the SBA is conducting an audit of the subcontracting practices of the ANCs, including their organizational structure, internal management and control, and an examination of the dividend benefits to shareholders as a result of participation in the 8(a) program. We expect this audit to be released in June, 2009 and look forward to its findings.

Thus far, the ANCs have benefited the indigenous people of Alaska (the shareholders), enormously and have set Alaska Native people on the path toward economic development by infusing rural communities with dividends, employment opportunities, scholarship programs, land management, cultural and social programs, and numerous other benefits for the Alaska Native shareholders. For example, many Alaska Native languages are on the verge of extinction. Indigenous language preservation is fundamental to the preservation of Alaska Native cultures. In the case of one region, the financial success of its regional corporation has enabled the corporation to afford a contract with Rosetta Stone, the language learning software, to create an entire culturally appropriate language program that allows the youth to learn their indigenous language. Such a benefit, for shareholders, and future shareholders cannot be reflected in dividends, but is reflected in the health and identity of the Alaska Native people.

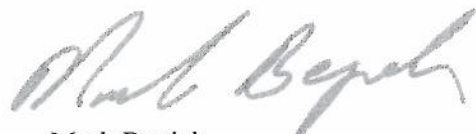
The continued success of ANC participation in the 8(a) program is integral to fulfill the intent of Congress under the Alaska Native Land Claims Settlement Act and continue federal policies that encourage private sector business development in the most socially disadvantaged communities. Alaska Native peoples are among the poorest in the United States, living in conditions only known in Third World countries, yet Alaska Native people are citizens of the United States. In many Alaska Native villages, unemployment reaches 50 percent or more. The basic sanitation and infrastructure needs of Alaska Native villages are real and enormous. Twenty six percent of Alaska Native households still lack adequate water and waste water facilities. Alaska Native people suffer from high disparities in the areas of health, education, and housing compared to the rest of the U.S. population. An acute example of a significant health disparity is that rural Alaska ranks the highest in the nation for youth suicide. In two rural regions it is six times the national rate.

The social and economic health of the indigenous people of Alaska is deeply intertwined with the success of the Alaska Native corporations. For that reason, we request that you extend the information request deadline to 30 days, to ensure that they can comply with your request. More importantly, we invite you and your staff to visit rural Alaska with us during an upcoming recess or as the Senate schedule permits. We look forward to working with you to ensure the integrity of the Native American 8(a) program and maintaining the strong commitment of Congress to ensure the health and wellness of Native American and Alaska Native communities.

Sincerely,



Lisa Murkowski
United States Senator for Alaska



Mark Begich
United States Senator for Alaska

cc Susan Collins, Ranking Member